

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

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QUOTE OF THE WEEK

"I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt. If we run into such debts, we must be taxed in our meat and drink, in our necessities and in our comforts, in our labor and in our amusements. If we can prevent the government from wasting the labor of the people, under the pretense of caring for them, they will be happy." ---Thomas Jefferson

AROUND THE STATE

*****Education Underfunded, So Are We All*****

The press is buzzing with leaks from big studies about education. The "news" angle is that education is underfunded. Yet, asking anyone if they want more money is the wrong approach. We already know the answer to that question and the obvious answer is not newsworthy.

What would be useful is to ask educators for ideas about how to spend school dollars more effectively. Or ask what programs could be axed and the money shifted to another with no loss. Or ask teachers what one thing the district could do more them to help them avoid failure with their students.

I know the studies have not yet been released, but unless there is better quality than what has been leaked thus far, then this "new" study of education will be a waste.

*****Schools Send Home a Bill*****

I just read that some school districts around the state are sending voluntary bills to parents whose children miss school for reasons other than illness. One district's bill says, "Are the ski slopes calling? Are you taking the kids to Disneyland midweek to avoid the crowds? If so, we would encourage you to reconsider. When your child misses school, there are consequences for the student and the district." The invoice that accompanies the note is for \$36.13 per day per student.

While some parents are sending in the check, others are laughing at the absurdity of getting a bill from a government monopoly attempting to enforce a criminal code that says your child must be in school. Why do parents have their children not attend school sometimes? Maybe some of them question the value of the education that is being provided. Parents are paying property taxes, income taxes and sales taxes to fund these government schools, and still they decide that a day off school with the family is more important. My take is that it is their choice. This is another line in the battle of who owns your kids: you or the government? How about this turn-about is fair play? For every day that kid comes home and says that he learned nothing in school, maybe you should send the school district a bill for \$36.13.

*****Trees v. Homes: California Policies Encourage Development in Timberland*****

The Board of Equalization administers the Timber Yield Tax, so we are routinely faced with evidence of California's declining timber industry. Most people are unaware that timber production has declined by well over 60% since 1990 and the state's timber industry is gradually disappearing. California was once a major timber exporter, but we now rely on imported timber for the vast majority of our timber needs. Every so often, a story reaches the mainstream media that illustrates this problem to the general public.

Recently, the Sacramento Bee published a story about a request by Sierra Pacific Industries to rezone 23,549 acres of forest land in Lassen, Plumas, Shasta and Trinity counties so that it will be available for residential development. Timber owners all over the state are doing the same thing and they all have the same story: California's taxes, restrictions, and regulations are so onerous that timber harvesting is rarely profitable. It is actually cheaper to buy timber from the other side of the world, transport it all the way here, and pay import duties -- rather than harvest the trees in our own backyard!

Of course, the irony is that environmentalists have relentlessly attacked the timber industry and proposed countless regulations, taxes, and fees in a misguided attempt to save the forests. Now, as a direct result of their successful attacks on forest industries, the forests are being replaced by development, ranchettes, and suburbia. As environmentalists should have predicted, landowners who cannot make a living selling timber are instead converting their property to housing subdivisions built with imported lumber. When forests are no longer profitable, they get replaced.

Timber is a renewable resource that once supported a robust industry with high-paying jobs and great benefits. Replacing local timber with imported timber not only puts Californians out of work, it forces us to rely on timber harvesting in foreign countries that do not share our commitment to safe and sustainable harvesting techniques.

ISSUE FOCUS

*****The Private Sector is Leading an Education Revolution *****

Education is going through profound changes and the changes are coming at lightning speed. The traditional media may miss large parts of this story, but parents will not. In the February edition of Popular Science we are given a glimpse of this in an interview with Sun co-founder Scott McNealy about his nonprofit, Curriki. The article notes that California spends around \$400 million per year to replace old textbooks. McNealy wants to take that down to near zero. He is progressing toward this goal by posting entire textbooks online at his site, [curriki.org: http://www.curriki.org/xwiki/bin/view/Main/WebHome](http://www.curriki.org/xwiki/bin/view/Main/WebHome)

McNealy plans to add lesson plans and other resources to the site. He got the idea when his daughter asked him about electricity. He went searching for some web-based way of teaching this to his daughter and ended up on a welding site. Curriki is his solution, and the Sun open-source philosophy allows users to participate by adding new content themselves. Brilliant.

TAX TIPS

*****Making the List*****

Nearly 300 California taxpayers are receiving letters this week notifying them that their names are about to be posted to the state's on-line list of leading tax scofflaws. These taxpayers owe nearly \$269 million; the smallest amount is \$285,000, and the largest is \$17 million. A new law requires the BoE to post the list of the 250 taxpayers have delinquencies over \$100,000 and the Franchise Tax Board will do the same for personal income tax delinquencies. Taxpayers who receive these notification letters have 30 days to pay up in full, start a payment plan, or demonstrate that they are in the appeals, litigation or bankruptcy process. The list of those who do not make such arrangements should be posted to the BoE website by the end of April.

MISCELLANY

*****Court Drama Not Unique to Our Century*****

As a student of California history, I was intrigued to learn of our state's role in a key U.S. Supreme Court case back in 1890. The case, *In Re Neagle* 135 U.S. 1 (1890), was based on a writ of habeas corpus. That may sound like pretty dry stuff, but the drama of the backstory is fascinating.

Two men, both attorneys, arrived in California during the gold rush years and eventually both were appointed to the California Supreme Court. David Terry became the Chief Justice and Stephen Field was an Associate Justice. Terry had a bitter dispute with U.S. Senator David Broderick so Terry resigned his post as Chief Justice and challenged Broderick to a duel. Terry killed Broderick in the duel and Field, who was a close friend of Broderick, vowed that he would never forget this outrage. Field went on to be appointed by President Lincoln to the U.S. Supreme Court. Terry went in to private practice and took on the case of Sarah Althea Hill, who was suing her rich former boyfriend/husband. Justice Field presided over the case on a three-judge panel that ruled the marriage license Hill provided the Court was a forgery. There was a courtroom brawl, with Terry and Hill (who had married each other) fighting the U.S. marshals.

Terry knocked the tooth out of one of the marshals and brandished a bowie knife while Hill reached for a revolver in her purse and uttered death threats at Justice Field.

President Benjamin Harrison appointed U.S. Marshal David Neagle to be Justice Field's body guard. As a Supreme Court Justice, Field was required to ride circuit. He was attending to business in Los Angeles and took a train back to San Francisco. On that trip, the train stopped in Lathrop and he got off. There, he was spotted by Terry and Hill, who were also on the train. Terry began fighting with Field while his wife went back onto the train to retrieve her revolver. Marshal Neagle intervened in the fight, believed Terry was reaching for a gun, and shot Terry dead. Mrs. Terry was jailed, but apparently convinced California authorities that Neagle had murdered her husband in cold blood. Neagle was arrested on homicide charges and the U.S. Attorney General sought his release on writ of habeas corpus filed on with the U.S. Supreme Court. The question was whether California had to obey the writ in the absence of specific authority for the U.S. government to appoint a body guard for a member of the Court. The Court held that the government had such broad authority to ensure the nation's laws were faithfully executed and that U.S. marshals had the same law enforcement powers as state sheriffs would have to intervene in the threat on the Justice's life. Mrs. Terry spent the last 40 years of her life in a California mental institution.

Now that is a story that would make a good movie. Of course, I volunteer to play Marshal Neagle.

*****A Good Read*****

On March 12, 1928 Los Angeles experienced what has been described as the 20th century's "worst civil engineering disaster." The St. Francis Dam, located 42 miles northeast of downtown, collapsed on its first filling, sending 12 billion gallons of water racing down San Francisquito Canyon. The water was ten stories high in some places, traveling 18-miles-per-hour, and killed at least 450 people, although that number does not include the migrant workers and hobos who lived and camped in the Santa Clara Valley. The water cut a destructive path for 54 miles until it reached the Pacific Ocean. If you are not familiar with this disaster, I encourage you to read about it in "The St. Francis Dam Disaster Revisited" edited by Doyce Blackman Nunis. The book includes modern engineering assessments of what caused the dam's failure, essays about the impacts of the disasters, and an impressive photo essay showing the aftermath. The book has been out of print for some years, but has recently been republished by the Historical Society of Southern California and is even available on Amazon.com.

*****New Citizenship Test*****

These are the final questions in the pilot U.S. citizenship exam. Have you kept track of your score over the past few weeks? Do you have an opinion about whether this test is a sufficient measurement of an immigrants' readiness to become a U.S. citizen? If you are an educator, do you have an opinion about what grade level this test is? Should most eighth graders be able to pass, or is it a college level exam? I welcome any and all thoughts about this test.

To see the official answers to the pilot U.S. citizenship questions below, go to

<http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnexto id=dcf5e1df53b2f010VgnVCM1000000ecd190aRCRD>

131. Name one U.S. territory.

132. Name the state that is in the middle of the Pacific Ocean.

133. Name one state that borders Canada.

134. Name one state that borders on Mexico.

135. What is the capital of the U.S.?

136. Why does the flag have 13 stripes?

137. Why do we have 13 stripes on the flag?

138. Why does the flag have 50 stars?

139. What is the name of the National Anthem?

140. On the Fourth of July we celebrate independence from what country?

141. When do we celebrate Independence Day?

142. Name two national U.S. holidays.

BOE AND LEGISLATIVE DATES

March 20, 2007 --- Board of Equalization meets in Sacramento.

March 20, 2007 --- Business and Property Taxpayers' Bill of Rights hearings Business and Property Taxpayers' Bill of Rights hearings in Sacramento at approximately 1:30pm.

March 29, 2007 --- Legislative Spring Recess begins upon adjournment (J.R. 51(a)(2)).

March 30, 2007 --- Cesar Chavez Day.

April 8, 2007 --- Easter.

April 9, 2007 --- Legislature reconvenes from Spring Recess. (J.R. 51(a)(2)).

April 24-25, 2007 --- Board of Equalization meets in Sacramento.

April 27, 2007 --- Last day for policy committees to hear and report fiscal bills for referral to fiscal committees (J.R. 61(a)(2)).

May 28, 2007 --- Memorial Day observed

May 31, 2007 --- Board of Equalization meets in Sacramento.

NOTABLE DATES/ HISTORY

March 12, 1928 --- Los Angeles's St. Francis dam collapsed, sending floodwaters on a 54-mile path to the sea, killing more than 450 people.

March 12, 1933 --- President Franklin Roosevelt held his first fireside chat by radio, to encourage support for the New Deal.

March 13, 1868 --- The impeachment trial of President Andrew Johnson began. Johnson became the first United States president to be impeached.

March 14, 1743 --- The first town meeting was held at Faneuil Hall in Boston, Massachusetts.

March 14, 1794 --- Eli Whitney patented the cotton gin.

March 14, 1900 --- The United States Congress passed legislation transferring all U.S. currency to the gold standard.

March 14, 1923 --- President Warren G Harding became the first president to pay taxes.

March 14, 1964 --- Jack Ruby was found guilty of the murder of Lee Harvey Oswald who was the alleged assassin of President John F. Kennedy.

March 15, 1867 --- Michigan became the first state to tax property to support a university.

March 15, 1937 --- The first blood bank in the world was established in Chicago.

March 16, 1802 --- West Point, site of the United States Military Academy, was founded by the Congress of the United States.

March 16, 1966 --- United States astronauts Neil Armstrong and David Scott, aboard Gemini 8, achieved the first linkup of a crewed spacecraft with another object, an Agena rocket.

March 17, 1737 --- The Charitable Irish Society of Boston, Massachusetts, hosts the first nonliturgical celebration of Saint Patrick's Day.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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